

Decision

[ZA2017-0260]

**.ZA ALTERNATE DISPUTE RESOLUTION
REGULATIONS (GG29405)**

ADJUDICATOR DECISION

CASE NUMBER:	ZA2017-0260
DECISION DATE:	11 May 2017
DOMAIN NAME:	darling.co.za
THE DOMAIN NAME REGISTRANT:	iDomains.co.za Premium Domains Brokers
REGISTRANT'S LEGAL COUNSEL:	Mike du Toit Attorneys
THE COMPLAINANT:	Subinite (Pty) Ltd
COMPLAINANT'S LEGAL COUNSEL:	Adams & Adams
2 nd LEVEL ADMINISTRATOR:	ZA Central Registry (co.za)

1. PROCEDURAL HISTORY

- 1.1 The Dispute was filed with the South African Institute of Intellectual Property Law (the “SAIPL”) on **6 March 2017**. On **8 March 2017** the SAIPL emailed a request to ZA Central Registry (ZACR) to suspend the domain name in issue, and on **8 March 2017** ZACR confirmed that the domain name had been suspended. The SAIPL verified that the Dispute satisfied the formal requirements of the .ZA Alternate Dispute Resolution Regulations (the “Regulations”), and the SAIPL’s Supplementary Procedure.
- 1.2 In accordance with the Regulations, the SAIPL formally notified the Registrant of the commencement of the Dispute on **8 March 2017**. The Registrant submitted a formal response on **30 March 2017**, and the Complainant replied to the response on **6 April 2017**.
- 1.3 The SAIPL appointed **Adv Owen Salmon SC** as the Adjudicator on **7 April 2017**. On **10 April 2017** the Adjudicator submitted the Statement of Acceptance and Declaration of Impartiality and Independence, as required by the SAIPL to ensure compliance with the Regulations and Supplementary Procedure.

2 The Facts

- 2.1 According to the relevant 2nd Level Domain Administrator’s Whois facility, the Registrant in these proceedings is iDomains.co.za Premium Domain Brokers of Bloemfontein, Free State. The Response identified Comtech Internet Services CC as the entity which trades as iDomains.co.za Premium Domain Brokers.
- 2.2 The Complainant is a local manufacturer and distributor of ethnic hair extensions based in Alrode, Gauteng. It is the proprietor in South Africa

of the trade mark DARLING which is registered under number 1981/00121 in Class 3, and under number 1994/14358 in Class 26.

- 2.3 The domain name <darling.co.za> was administered for a number of years on behalf of the Complainant by its former Internet Service Provider, Interface Holdings (Pty) Limited (“Interface”). The domain name was recorded in the name of Interface for practical purposes; the Complainant regularly required changes to the MX records for the domain name and, to effect the changes without delay, the Complainant allowed Interface to hold the domain name, but this was at all times exclusively for the Complainant and exclusively for its use.
- 2.4 In January 2017,¹ the Complainant became aware that its website situated at www.darling.co.za had been taken down and that it had been replaced with a page advertising the domain name for sale.
- 2.5 The Complainant contacted Interface and was informed that the domain name registration had lapsed due to non-payment of the annual renewal fee and that someone else had registered the domain name. The Complainant was advised to approach the (present) Registrant to purchase the domain name.
- 2.6 The Complainant had not received any reminder from Interface to pay the renewal fees for the domain name. Interface had, in previous years, routinely sent the Complainant renewal reminders.
- 2.7 On the advice of Interface, the Complainant made an offer of R1 000 to purchase the domain name, using the form on the website linked to the disputed domain name. The Complainant received a response from Mr Jacques Walters of a domain name broker (he is also the Registrant’s

¹ The Complainant states 2016. This must be a typographical error, because undisputed evidence shows the site’s activity long after January 2016.

representative) indicating that the Registrant had declined the offer and made a counter-offer of USD 15 000 (approximately ZAR200 000) excluding VAT.

- 2.8 The business of the Registrant is to register or obtain generic or partially generic domain names. Its *modus operandi* is as follows. It has developed software which identifies domain names which have fallen back into the public domain (for whatever reason) and registers those names in the name of the Registrant. This business model is internationally described as “Drop Catching”. It is a wholly automated process, and used software similar to software used elsewhere in South Africa and the world for similar businesses. The Registrant focuses on short, punchy domain names such as bid.co.za, agri.co.za, cellphone.co.za but it has also obtained longer domains such as <pelletguns.co.za>, <woodfurniture.co.za> and <gaterepairs.co.za>.
- 2.9 When the software selects a domain name that has become available, it is simply added to a list of available domains. The Registrant’s focus is on generic words or combinations of generic words as domain names. Only in the case of domain name that was specifically selected by a client, would the client have prior knowledge of the background to that domain name. The Registrant invariably never has such knowledge.
- 2.10 The Registrant also develops websites, and has used domain names such as website.co.za, moto.co.za, vryburg.com and vaalharts.com. It developed the Vryburg and Vaalharts websites and then approached the towns with a business proposal. Once accepted, it works closely with such a client regarding the content they want on the website.
- 2.11 The Registrant claims that, having obtained the <darling.co.za> domain name, it plans on doing the same for the town of Darling. The purpose of the websites is not only to provide an advertisement for the town, as it did

for Vryburg, but to create a market place where the town's products can be offered for sale on the website, earning an income for the town.

3 Complainant's contentions

- 3.1 The disputed domain name is identical to the mark in respect of which the Complainant has rights, i.e. DARLING. The Complainant submits that the domain name is abusive in terms of the *proviso* to Regulation 5(c) and that the onus is on the Registrant to show that the domain name is not abusive.
- 3.2 The Registrant acquired the disputed domain name primarily to:-
 - 3.2.1 sell or transfer the domain name to the Complainant or any third party for valuable consideration in excess of the Registrant's out-of-pocket expenses directly associated with acquiring or using the domain name, as contemplated by Regulation 4(1)(a)(i);
 - 3.2.2 block intentionally the registration of a name or mark in which the Complainant has rights, as contemplated by Regulation 4(1)(a)(ii);
 - 3.2.3 disrupt unfairly the business of the Complainant, as contemplated by Regulation 4(1)(a)(iii);
 - 3.2.4 prevent the Complainant from exercising its rights, as contemplated by Regulation 4(1)(a)(iv).
- 3.3 The Complainant submits further, in terms of Regulation 4(1)(b), that the continued use of the disputed domain name leads people or businesses to believe that the domain name is registered to, operated or authorised by, or otherwise connected with the Complainant. The Complainant's submission is based on the fact that the disputed domain name has, for a number of years, been pointed to the Complainant's website.

3.4 Thus, the Complainant submits that the disputed domain name is an abusive registration in that it was acquired and is being used in a manner which takes unfair advantage of and is unfairly detrimental to the Complainant's rights.

4 Registrant's contentions

4.1 There is a clear distinction between drop catching that can be considered as cybersquatting and drop catching that is a legitimate business. The cybersquatting scenario is where a competitor re-registers a dropped domain name of the former domain owner and abuses the rights of the owner, normally based on the trademark rights of the owner. It could happen where a client selects a specific domain name for whatever ulterior motive, unknown to the Registrant.

4.2 The legitimate business of drop catching (as compared to cybersquatting) is where a third party acquires a dropped domain name and puts it up for sale. The process is passive, in that the drop catcher merely holds the domain name and reacts to offers made. Often domain names are sold by auction sites when there is sufficient interest. This business practice is not abusive in that the re-registered lapsed domain name is not in itself an abusive registration.

4.3 Subsequent to registering the disputed domain name, the Registrant's records show that the Complainant hadn't renewed the domain name and, for a period of at least 4 months, had made no use of the domain name whatsoever.

4.4 The disputed domain was still registered in the previous system called the Legacy system. This system allows 3 months for a domain to be renewed before the domain is "deleted" and becomes available for re-registered. Of those 3 months, the domain itself is inactive for 2 months.

In this specific case for at least part of October 2016, the whole of November 2016 and the whole December 2016 (until it was deleted on 23 December 2016) the disputed domain name was not reachable on the internet. The previous owner only contacted the Registrant in mid-January 2017.

4.5 The Registrant does not dispute that the disputed name is identical to the trade marks of the Complainant. However, the Complainant refers to the following registrations also to be found on the trade mark register for Darling in the name of different proprietors:-

- Trade Mark Number B1969/01131 DARLING in Class 25 in the name of Triumph International Ag;
- Trade Mark Number 2002/18955 - 6 DARLING in Classes 29, 31 in the name of Darling Brands (Proprietary) Limited;
- Trade Mark Number 2005/12743-4 DARLING in Class 32 and 30 in the name of Darling Brands (Proprietary) Limited;
- Trade Mark Number 2005/20091 DARLING and device in Class 25 in the name of Darling Brands (Proprietary) Limited;
- Trade Mark Number 2006/16300 DARLING and device in Class 35 in the name of Darling Brands (Proprietary) Limited;
- Trade Mark Number 2010/07978-9 DARLING in Classes 14, 18 and 25 in the name of Additive Limited;
- Trade Mark Number 2010/17185-6 DARLING in Classes 35 and 43 in the name of Darling Brands (Proprietary) Limited; and
- Trade Mark Number 2010/18880 DARLING and device in Class 3 in the name of Darling Brands (Proprietary) Limited.

4.6 The Registrant also refers to a list extracted from the records of CIPC, reflecting companies and close corporations incorporating DARLING in their names. It also refers to the following domains on the ZA Central Registry:-

Darlingbrew.co.za	Darlingtourism.co.za
Darlinglodge.co.za	Darlingcellars.co.za
Darlingwildflowers.co.za	Darlingwine.co.za
Tasteofdarling.co.za	Darlingsweet.co.za
Darlingmeat.co.za	Darlingart.co.za
Darlingolives.co.za	Joburgsdarling.co.za
Africadarling.co.za	Notnowdarling.co.za
Lewendewoorddarling.co.za	llovedarling.co.za
Lookout-darling.co.za	accommodationdarling.co.za
ohdarling.co.za	heydarling.co.za
productofdarling.co.za	eatcakedarling.co.za

4.7 The reason why the various trade marks for DARLING, the various companies and close corporations with DARLING in their names, and the various domain names incorporating DARLING are referred to is to illustrate that there are a host of entities that can all legitimately claim rights to DARLING for purposes of reg. 3(1)(a).

4.8 The Registrant's software automatically registers lapsed domain names; the process is automated and can hardly be said to be unfair. Moreover, it cannot be said that the mere registration of the domain name by the

systems of the Registrant renders it unfair and therefore taking unfairly advantage of or was unfairly detrimental to the Complainant's rights.

- 4.9 The registration cannot be unfair if the Registrant develops a website for the town Darling. The trade mark would be used in a non-trade mark and geographical sense.
- 4.10 There are 3 other owners of the DARLING trade mark, a host of companies and close corporations using DARLING in their names and other DARLING domain name owners. They can all prove rights in DARLING. The Registrant suggests that had this been a sunrise period and had all the suitors proven their rights, the registrar would have had to put up the domain name DARLING for sale by way of an auction. In this hypothetical scenario, any one of the parties could make an offer for the domain name and would be able to prove rights thereto.
- 4.11 The Registrant speculates that the only reason why the Complainant is the former registrant, is because they registered the domain name before someone like Triumph AG, the owner of a 1969 registered trade mark for DARLING. That is the nature of the domain name registration process. If Triumph AG or any of the other parties registered the darling.co.za domain name after it lapsed, the Complainant would not have been able to do anything about it.
- 4.12 The Registrant is not a competitor of the Complainant. It was unaware of the existence of the Complainant until contacted by the Complainant. The Complainant allowed its domain name to lapse and despite all the automated processes of ZA Central Registry SA, which ensure that registrants get sufficient notice of the fact that renewal fees are payable, the domain name lapsed and was removed.

4.13 The Registrant refers to Totem Core Ltd v Zhao Li Claim Number: FA1609001693197 to distinguish its position. The facts and findings of the case can be summarised as follows:-

- The complainant, Totem Core, allowed the domain idancer.com to lapse and it was registered by DropCatch.com 727 LLC through their drop catch service.
- The respondent obtained the idancer.com domain name through an auction of DropCatch.com 727 LLC, having had prior knowledge of the domain name and previous owner.
- The complainant proved trade mark rights in its IDANCER trade mark.
- In discussing the “registration and use in bad faith” element, the adjudicator determined the following:-
 - “The legality of the acquisition of the disputed domain name is not hereby questioned as all domain names obtained by an auction or a purchase are legally acquired. Notwithstanding, that does not necessarily mean that the registration was done in good faith.”
 - “The disputed domain name as acquired by means of an auction provided by a drop catch service, which means that Respondent knew or should have known of the existence of a previous owner of the disputed domain name when he applied for the drop catch service.”
 - “Hence, refusing to transfer the disputed domain name to the legitimate owner of the trade mark IDANCER, even though Respondent had actual knowledge of Complainant’s rights over the trade mark and domain name, and profiting from the trade mark IDANCER in the disputed domain name by attracting Internet

users to the resolving website where Respondent obtains donations creates confusion as to Complainant's affiliation or sponsorship of the disputed domain name and website. This is indicative of bad faith under Policy 4(b)(iv)[9]."

4.14 The Registrant also refer to the follows cases in which drop catch services were featured:-

- WIPO Domain Name Decision D2015-2191 for trongate103.com

"As per the evidence submitted by the Complainant, this Panel is satisfied that the Respondent uses the disputed domain name to divert Internet traffic to its website by copying the look and feel of the Complainant's former website, for the likely purpose of achieving commercial gain. The Panel considers such conduct generally to constitute bad faith registration and use under paragraph 4(b)(iv) of the Policy."

- WIPO Domain Name Decision D2007-0058 For ucctotalhome.com

"The evidence shows that the structure of the website operated by the Respondent at 'www.ucctotalhome.com' is entirely consistent with use of the Domain Name to divert internet users seeking the Complainant's business to sites of general household relevance, typically generated from search engine results, with the intention of obtaining commercial gain for the Respondent from the "click throughs" of the diverted users.

As noted above, in the Panel's opinion, this is nothing more than parasitic exploitation of the goodwill and reputation built up by the Complainant, with no regard for that goodwill and reputation and in total disregard of the interests of the customers and potential

customers who are inevitably misled as a result. The Respondent's perceived objective is only to generate click through income for himself."

- WIPO Domain Name Decision D2011-1404 for kombos.com

"The Panel also finds that the above-described use of the disputed domain name for merely displaying a recollection of advertisements to third parties web sites does not constitute a good faith use of the disputed domain name.

Moreover, it is likely that users may be misled as to the source, sponsorship, affiliation or endorsement of the Respondent's web site, provided that the disputed domain name is still being used (or at least has been used until the filing of the Complaint) by the Complainant for its email addresses."

- WIPO Domain Name Decision D2014-0954 for purva.com

"In the majority's opinion, the following aspects of the evidence provided by Complainant of Respondent's actions subsequent to the previous determination, when considered together with the previous evidence, establish, on the balance of probabilities, that Respondent registered the disputed domain name for the purpose of selling it to Complainant for an amount in excess of its out-of-pocket expenses; (i) Respondent, after prevailing in the previous determination, allowed its Australian trade mark application to lapse despite the fact that it proceeded to acceptance, suggesting both that the purpose of the application was to concert evidence of a right or legitimate interest in the disputed domain name, and that the asserted intention to use the disputed domain name in relation to a business was not genuine; and (ii) one of the brokers that contacted Complainant offering to obtain

transfer of the disputed domain name to Complainant for a significant sum claimed to have authority to act on behalf of the Respondent and, when requested by Complainant to provide evidence of such authority, apparently arranged for Respondent to post a note to the website to which the disputed domain resolved stating that the broker did indeed have Respondent's authority to act on his behalf."

4.15 Accordingly, the Registrant submits that the following issues are applicable to the facts of the present case:-

- In the Totam Core case, the legitimacy of acquiring domain names through a drop catch service was not questioned, in fact it was referred to as having been legally acquired. The adjudicator investigated and questioned whether the registration in the name of Zhao Li was done in good faith. On the facts, the adjudicator found that the registration was in bad faith. The drop catch service was offered only to highly desirable domain names, due to their traffic, popularity or interest. The registrant thus knew of the complainant's rights when acquiring the domain name.
- In all the other examples cited, the disputed domain names were acquired from drop catch companies and the conduct of the registrants, subsequent to the registering of the disputed domain names, in each case, amounted to bad faith. The reasons were almost always the same: the registrant's conduct in using the disputed domain names were, without exception, illustrative of bad faith; either they copied the look, feel and general substance of the respondent's former website creating a likelihood of confusion with the complainant's mark as to the source, sponsorship, affiliation, or endorsement of its website; or pointing the domain name to a web site displaying sponsored advertisements which redirect users to third

commercial party web sites; intentionally attempting to attract, for commercial gain, internet users to a website or other on-line location, by creating a likelihood of confusion with the complainant mark.

- In all the cases the conduct of the purchasers of the disputed domain names from drop catch companies were scrutinised, after the new owners displayed conduct amounting to bad faith. The drop catch companies' conduct in selling the domain names by way of public auction were not criticized or investigated.

4.16 In the present case, there is nothing to suggest that the disputed domain name was acquired by the Registrant because of the desirability of the domain name. The actual acquisition and registration of the disputed domain name by the Registrant was *bona fide*. The Registrant did not approach the Complainant with the knowledge of the Complainant's business or rights, with the *mala fide* intention of extorting money from the Complainant. The registration was not unfairly detrimental to the Complainant nor did it take unfair advantage of the Complainant's rights. There is nothing in the conduct of the Registrant to indicate that it was *mala fide vis a vis* the Complainant.

4.17 There is also no evidence to suggest any *mala fides* on the part of the Registrant. Based on the business model of the Registrant which includes the building of websites for towns, including the developing a website for the town of Darling, it is submitted that, on the balance of probabilities, that the domain name has not been used in a manner that takes unfair advantage of, or is unfairly detrimental to the Complainant's rights.

4.18 The Complainant alleges that the Registrant has registered or otherwise acquired the domain name primarily to "*sell, rent or otherwise transfer the domain name to a complainant or to a competitor of the complainant, or*

any third party, for valuable consideration in excess of the registrant's reasonable out-of-pocket expenses directly associated with acquiring or using the domain name" and therefore it is indicative of the fact that the registration is an abusive registration.

4.19 The Registrant has every intention of using the domain name in its geographical context for the website of the town of Darling. Such use can never be said to be indicative of an abusive registration.

4.20 The Registrant had nothing to do with the taking down of the Complainant's website. That website, moreover, could not have been that active if it took the Complainant that long to realise that the website was taken down. In addition, the Complainant's business has not been disrupted by the Registrant. Their business is still being conducted on their Facebook page and www.darlingafrica.com which was already up and running in 2016.

5 Discussions and Findings

5.1 This complaint is a borderline case and the reason why I uphold the complaint is because of the onus cast by Regulation 5(c). In my view, the Registrant has not shown that the domain name, in his hands, is not abusive. There are a number of reasons for this finding.

5.2 The Registrant confuses *mala fides* with abuse. Of course, the presence of *mala fides* can indicate abuse, but the reverse does not follow: abuse, or abusiveness, does not require *mala fides*. So the fact that Registrant's drop-catching software automatically selected the domain when it lapsed due to renewal, absent any 'intent', does not mean that it could not be an abusive registration. As with vexatious conduct in litigation, where whether it is so postulates an enquiry into effect and not necessarily only intent, the effect on the Complainant's position and its rights is to be

measured in the assessment. Indeed, the majority of the integers in Regulation 4(1) all point in that direction.

- 5.3 It is not a complete answer to say that other parties also have a right to complain. Other parties are not complaining, and other parties were not the (erstwhile) registrant of the domain. And, other parties did not find themselves positioned to complain due to what is ostensibly an administrative oversight in the renewal process.
- 5.4 The other difficulty is this. Whilst reference on the current Registrant's landing page (at www.darling.co.za) to it being a "premium domain" does not necessarily imply that it is aware of this, it has been established by the Complainant that it used the domain continuously, since 1999, in relation to its business, and engaged an online presence in that regard. (That online presence was in relation to the goods covered by its trade mark registrations.) So there will, of necessity, be a residual goodwill in respect of the domain darling.co.za, connected with the Complainant's business. That goodwill stands to be prejudiced.
- 5.5 The Registrant's statement that it intends to develop a website for the town Darling cannot be gainsaid by the Complainant, but the fact remains that the Registrant is willing to sell the domain (for US15 000 – a sum, *prima facie*, in excess of what was paid for its acquisition), an exigency over which the Complainant has no control. The (putative) purchaser may well have an interest in developing a website for something a little bit closer to the Complaint's field of activity than a town in the Western Cape.
- 5.6 For these reasons, I find that the Registrant has not discharged the onus of showing that the domain is abusive.

6 Decision

- 6.1 In the circumstances, the complaint is upheld. I order that the domain be transferred to the Complainant.

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ADV OWEN SALMON SC
SAIPL SENIOR ADJUDICATOR
www.DomainDisputes.co.za